

House File 2251 - Introduced

HOUSE FILE 2251
BY PETERSEN

A BILL FOR

1 An Act relating to urban revitalization areas by authorizing
2 a property tax exemption for certain vacant commercial
3 property, providing a sales tax refund for purchase of
4 certain building materials, supplies, and equipment, and
5 including effective date and applicability provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 404.3, subsections 5 and 6, Code 2009,
2 are amended to read as follows:

3 5. A city or county may adopt a different tax exemption
4 schedule than those allowed in subsection 1, 2, 3, or 4. The
5 different schedule adopted shall not allow a greater exemption,
6 but may allow a smaller exemption, in a particular year,
7 than allowed in the schedule specified in the corresponding
8 subsection of this section. A different schedule adopted by a
9 city or county shall apply to every revitalization area within
10 the city or county, unless the qualified property is eligible
11 for an exemption pursuant to section 404.3A, ~~or~~ 404.3B, or
12 404.3C, and except in areas of the city or county which have
13 been designated as both urban renewal and urban revitalization
14 areas. In an area designated for both urban renewal and urban
15 revitalization, a city or county may adopt a different schedule
16 than has been adopted for revitalization areas which have not
17 been designated as urban renewal areas.

18 6. The owners of qualified real estate eligible
19 for the exemption provided in this section or section
20 404.3A, ~~or~~ 404.3B, or 404.3C shall elect to take the applicable
21 exemption or shall elect to take the applicable exemption
22 provided in the different schedule authorized by subsection 5
23 and adopted in the city or county plan if a different schedule
24 has been adopted. Once the election has been made and the
25 exemption granted, the owner is not permitted to change the
26 method of exemption.

27 Sec. 2. NEW SECTION. **404.3C Vacant commercial property**
28 **exemption.**

29 1. Notwithstanding the schedules provided for in sections
30 404.3 and 404.3B, a city or county may provide that all
31 qualified real estate assessed as commercial property that has
32 remained vacant for a period of six consecutive months and
33 meets one or more of the following conditions is eligible to
34 receive an exemption from taxation based on the schedules set
35 forth in subsection 2 or 3:

1 *a.* The real estate regularly attracts unauthorized
2 residential use, unlicensed transient business, unauthorized
3 disposal of trash, or unauthorized parking.

4 *b.* The assessed value of the real estate has declined during
5 the period of time when the real estate has been vacant.

6 *c.* The real estate is determined to contain one or more
7 nuisances under chapter 657 or to be a public nuisance as
8 defined in section 657A.1, subsection 7.

9 2. *a.* All qualified real estate described in subsection 1
10 is eligible to receive an exemption from taxation on the actual
11 value added by the improvements. The exemption is for a period
12 of fifteen years. The amount of the partial exemption is equal
13 to a percent of the actual value added by the improvements,
14 determined as follows:

- 15 (1) For the first year, eighty percent.
- 16 (2) For the second year, seventy-five percent.
- 17 (3) For the third year, seventy percent.
- 18 (4) For the fourth year, sixty-five percent.
- 19 (5) For the fifth year, sixty percent.
- 20 (6) For the sixth year, fifty-five percent.
- 21 (7) For the seventh year, fifty percent.
- 22 (8) For the eighth year, forty-five percent.
- 23 (9) For the ninth year, forty percent.
- 24 (10) For the tenth year, thirty-five percent.
- 25 (11) For the eleventh year, thirty percent.
- 26 (12) For the twelfth year, twenty-five percent.
- 27 (13) For the thirteenth year, twenty percent.
- 28 (14) For the fourteenth year, twenty percent.
- 29 (15) For the fifteenth year, twenty percent.

30 *b.* All qualified real estate described in subsection 1 is,
31 in lieu of the exemption schedule in paragraph "a", eligible to
32 receive a one hundred percent exemption from taxation on the
33 actual value added by the improvements. The exemption is for
34 a period of five years.

35 3. All qualified real estate described in subsection 1 is,

1 in lieu of the exemption schedules under subsection 2, eligible
2 to receive an exemption from taxation on the actual value added
3 by the improvements if such improvements meet the LEED gold
4 rating standard. For the purposes of this subsection, "LEED
5 *gold rating standard*" means the United States green building
6 council leadership in energy and environmental design green
7 building rating standard, referred to as the gold standard.
8 The exemption is for a period of ten years. The amount of the
9 exemption is equal to a percent of the actual value added by
10 the improvements, determined as follows:

- 11 a. For the first year, one hundred percent.
- 12 b. For the second year, one hundred percent.
- 13 c. For the third year, one hundred percent.
- 14 d. For the fourth year, one hundred percent.
- 15 e. For the fifth year, one hundred percent.
- 16 f. For the sixth year, eighty percent.
- 17 g. For the seventh year, sixty percent.
- 18 h. For the eighth year, forty percent.
- 19 i. For the ninth year, twenty percent.
- 20 j. For the tenth year, ten percent.

21 Sec. 3. Section 423.4, Code Supplement 2009, is amended by
22 adding the following new subsection:

23 NEW SUBSECTION. 9. a. The owner of real estate receiving
24 an exemption under section 404.3C may make an application to
25 the department for the refund of one hundred percent of the
26 sales or use tax upon the sales price of all sales of building
27 materials, supplies, and equipment used for the completion
28 of the improvements which qualify the real estate for the
29 exemption.

30 b. An application for a refund under this subsection shall
31 not be filed until all the improvements which qualify the
32 real estate for the exemption under section 404.3C have been
33 completed. However, in no case shall an application for a
34 refund under this subsection be filed prior to July 1, 2011.

35 c. The refund may be obtained only in the following manner

1 and under the following conditions:

2 (1) The applicant shall use forms furnished by the
3 department.

4 (2) The applicant shall separately list the amounts of sales
5 and use tax paid.

6 (3) The applicant may include all amounts of sales and use
7 tax paid regardless of the year in which such tax was paid.

8 d. The refund in this subsection applies only to state sales
9 and use tax paid and does not apply to local option sales and
10 services taxes imposed pursuant to chapter 423B.

11 Sec. 4. EFFECTIVE UPON ENACTMENT AND APPLICABILITY. This
12 Act, being deemed of immediate importance, takes effect upon
13 enactment and applies to revitalization areas designated on or
14 after the effective date of this Act.

15 EXPLANATION

16 This bill relates to revitalization areas by authorizing a
17 property tax exemption for certain vacant commercial property
18 and by providing a sales tax refund for purchase of certain
19 building materials, supplies, and equipment related to the
20 improvements made to such commercial property.

21 The bill creates new Code section 404.3C that establishes
22 a property tax exemption for qualified real estate of a
23 revitalization area under Code chapter 404 that is assessed
24 as commercial property, remained vacant for a period of six
25 consecutive months, and which meets one or more specified
26 conditions. Those conditions include that the real estate
27 regularly attracts unauthorized residential use, unlicensed
28 transient business, unauthorized disposal of trash, or
29 unauthorized parking; that the assessed value of the real
30 estate has declined during the period of time when the real
31 estate has been vacant; and that the real estate is determined
32 to contain one or more specified nuisances.

33 The bill establishes a 15-year exemption schedule that
34 provides exemptions for each year ranging from 80 percent to
35 20 percent. The bill also establishes a five-year exemption

1 schedule, in lieu of the 15-year schedule, that provides a 100
2 percent exemption for each of the five years. For qualified
3 real estate that includes improvements meeting the LEED gold
4 rating standard, as defined in the bill, the bill provides an
5 alternative 10-year exemption schedule that begins with a 100
6 percent exemption for the first five years and then is reduced
7 each year during the last five years of the exemption.

8 The bill also allows the owner of real estate receiving an
9 exemption under new Code section 404.3C to receive a refund
10 of 100 percent of the sales or use tax upon the sales price
11 of all sales of building materials, supplies, and equipment
12 used for the completion of the improvements which qualify
13 the real estate for the exemption. The bill provides that
14 an application for a refund may not be filed until all the
15 improvements which qualify the real estate for the exemption
16 under Code section 404.3C have been completed. In addition,
17 the bill provides that no application for a refund may be filed
18 prior to July 1, 2011.

19 The bill establishes application procedures for the refund
20 and specifies that the refund applies only to state sales and
21 use tax paid and does not apply to local option sales and
22 services taxes imposed pursuant to Code chapter 423B.

23 The bill takes effect upon enactment and applies to
24 revitalization areas designated on or after the effective date
25 of the bill.